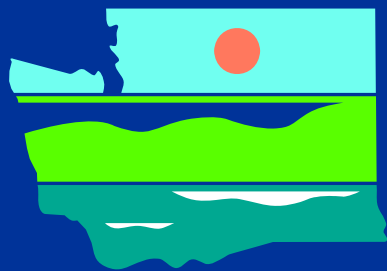


# Water Quality Program

## Financial Assistance

### Fiscal Year 2008 Funding Cycle



WASHINGTON STATE  
DEPARTMENT OF  
ECOLOG Y

# Workshop Goals

- General Understanding of the Water Quality Funding Process and Annual Funding Cycle
- Provide Information and Hands-On Experience to Help Develop a Sound Financial Assistance Application
- Provide Technical Support to Applicants

# Application Workshop Agenda

FUNDING PROGRAM OVERVIEW: 9:00 - 9:45 a.m.

- Welcome & Introductions
- Funding Program Overview and FY 2008 Funds Available
- Application Overview and Submittal

-----*BREAK: 15 Minutes*-----

THE APPLICATION: 10:00 a.m. - 12:30 p.m.

- Detailed Review of the Application

-----*LUNCH: 12:30 - 1:30 p.m.*-----

REGIONAL OFFICE PRESENTATIONS/DISCUSSION: 1:30 - 3:00 p.m.

- Breakout Sessions for:
  - Facilities Projects
  - Activities Projects
- Project Level Discussions and Q & A

# Financial Assistance Program Statutes, Rules, and Guidelines

- **Federal Clean Water Act of 1987**
- **Chapter 70.146 RCW**  
“Water Pollution Facilities Financing”
- **Chapter 90.50A RCW**  
“Water Pollution Control Facilities—Federal Capitalization Grants”
- **Chapter 173.95A WAC**  
“Uses and Limitations of Centennial Clean Water Funds”
- **Chapter 39.34 RCW**  
“Interlocal Cooperation Act”
- **FY 2008 Funding Guidelines** |  
Ecology Publication 06-10-063
- **Administrative Requirements Ecology Grants and Loans**  
Ecology Publication 91-18

# Water Quality Program Financial Assistance

## Funding Process:

- Integrated funding approach for the financing of water pollution control facilities and nonpoint source activities
- Diverse state and federal grant and loan funding programs
- One application with a combined priority rating and ranking system

# FY 2008 Funding Programs

Integrated Application  
& Funding Process

## Other Programs:

- State & Tribal Assistance Grants
- Aquatic Weeds

Centennial Clean Water Fund

(State Grants & Loans)

Washington State Water Pollution  
Control Revolving Fund

(Federal/State Loans)

Clean Water Act Section 319  
Nonpoint Source Fund

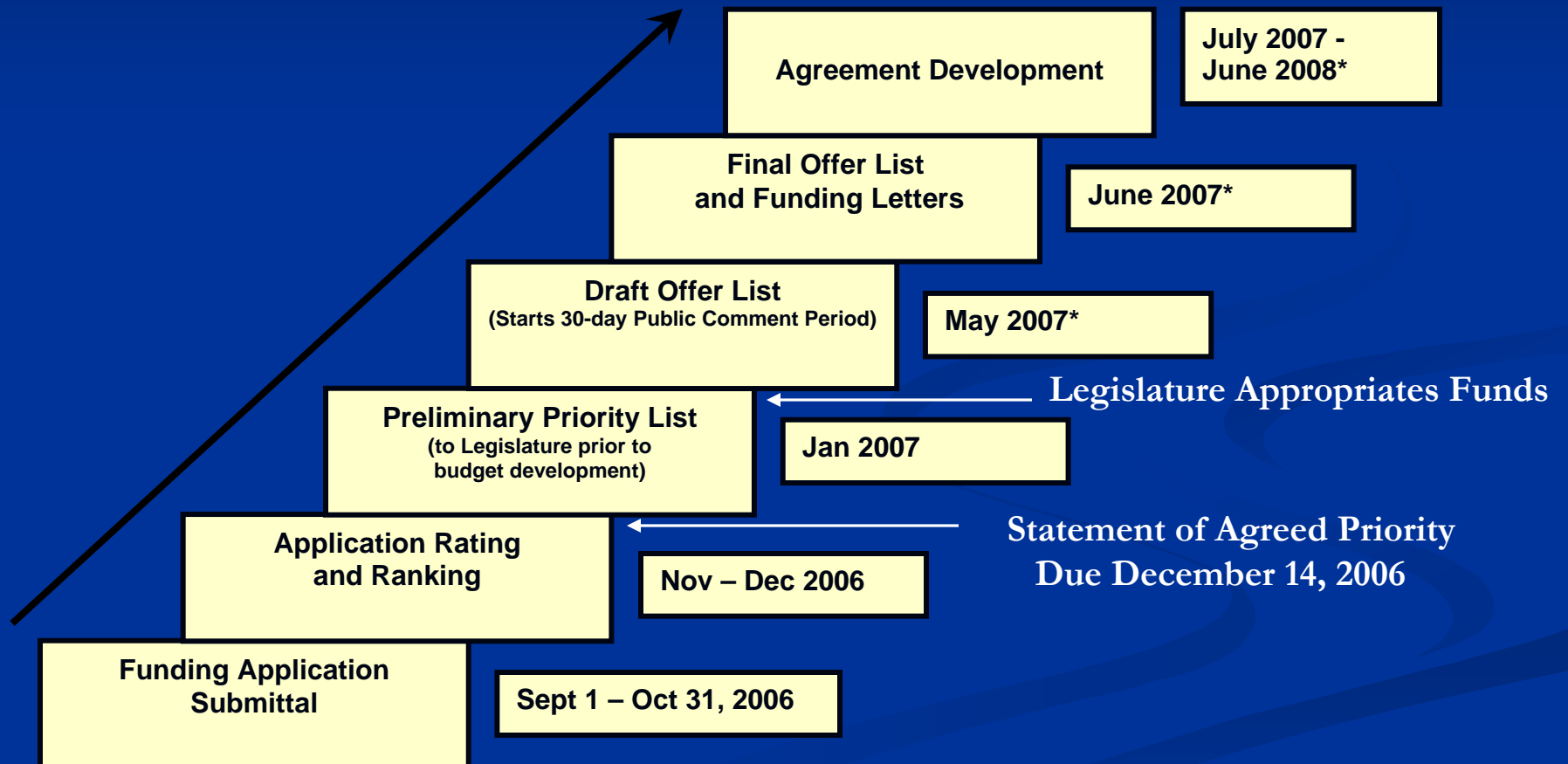
(Federal Grants)

# Funding Program Goals and Objectives

- Improve and Protect Water Quality
- Environmental Investment/Outcome
- Available Funds Distributed to Highest Priority Projects
- Assist Financially Distressed Communities
- Rank-ordered List to the Legislature before Budget is Considered
- Partnering with Other State and Federal Funding Agencies

# Funding List Development Process

## FY 2008 Annual Water Quality Funding Cycle Process Steps



\* Estimated Date



# 2007-09 Biennial Budget – Estimated Funding Summary

<b>Fund Source</b>	<b>Projected Funds Available FY 2008</b>	<b>Projected Funds Available FY 2009</b>
<b>Centennial Fund</b> (Grants & Loans)	\$17.8 M <sup>a</sup>	\$17.8 M <sup>a</sup>
<b>Section 319 Fund</b> (Grants Only)	\$1.9 M <sup>b</sup>	\$1.9 M <sup>b</sup>
<b>State Revolving Fund (Loans Only)</b>	\$56.6 M <sup>c</sup>	\$50.3 M <sup>c</sup>

a. Based on the FY 2007 Supplemental Budget

b. Based on FFY 2007 Presidential Budget

c. Based on FFY 2007 Presidential Budget and Legislative appropriation

# Estimated Funding Allocations

	<u>FY 2008</u>	<u>FY 2009</u>
<b>Centennial*</b>		
Spokane Extended Payment Grant	\$5.0 M	\$5.0 M
Small Community Hardship Grants	\$2.5 M	\$2.5 M
Competitive Centennial Grants (\$10.4 M/year)		
2/3 to Hardship Facilities **	\$6.9 M	\$6.9 M
1/3 to Nonpoint Activities **	\$3.46 M	\$3.46 M
<b>319</b>		
100% to Nonpoint Activity Grants	\$1.9 M	\$1.9 M
<b>SRF</b>		
80% to Facility Loans **	\$45.2 M	\$40.2 M
20% to Nonpoint Activity Loans **	\$11.3 M	\$10.1 M

\* Based on the FY 2005-07 Biennial Budget appropriation, FFY 2007 Presidential Budget, and the FY 2007 Supplemental Budget

\*\* Fund Allocation Levels as provided in Rule

# Funding Level Reductions

The Water Quality Program is experiencing reduced funding levels in all three grant and loan programs:

## ➤ Centennial Clean Water Fund

- Reduction over time from \$90M per biennium to about \$40M in the 2005-2007 Biennium

## ➤ State Revolving Loan Fund

- 23% anticipated reduction in capitalization grant

## ➤ Clean Water Act Section 319 Fund

- We anticipate some level of reduction for FY 2008

# New

## Alternative Contracting Pilot Rule

- **Suspend Pilot Rule for FY2008**
- **Incorporate Updated Rule Language in the Larger Rulemaking Process and Implement in 2009 (more about the overall rule schedule later)**

# New, cont.

## Permitted Activities

- **Activities Performed Under an NPDES Permit Continue Not to be Eligible for Centennial and Section 319 Grant Funding.**
- **Ecology is Considering New Stormwater Funding Options to Assist Financially-Distressed Communities.**

# General Eligible Project Types

# Facility Project Definition

A facility is a system for the:

- Control
- Collection
- Storage
- Treatment
- Disposal
- Recycling

of domestic wastewater or stormwater.

# Eligible Facility Projects

## Examples of Eligible Facility Projects:

- Treatment Plant Upgrades or Expansion
- Collection Sewers and Side Sewer Laterals
- Reserve Capacity
- Infiltration and Inflow Correction
- Combined Sewer Overflow Abatement
- On-site Septic System Repair/Replacement
- Comprehensive Sewer Planning
- Site-specific Planning
- Design of Construction Plans and Specifications
- Construction



# Activity Project Definition

Activities are actions taken by a public body for the following purposes:

- **To Control Nonpoint Sources of Water Pollution of Surface and Ground Water**
- **To Protect and Restore the Water Quality of**
  - Streams
  - Lakes, and
  - Marine Waters

# Eligible Activity Projects

## Examples of Eligible Activity Projects:

- **Public Communication and Education**
- **Groundwater Management Programs**
- **Landowner Technical Assistance**
- **Comprehensive Nonpoint Source Planning**
- **Riparian Revegetation/Fencing**
- **Watershed Planning**
- **Wellhead Protection**
- **Stream Restoration**
- **Monitoring and Data Collection**

# Centennial and Section 319 Grant Ceiling Amounts

## ➤ Activity Projects

- 75% grant with 25% match
- Up to \$250,000 using any combination match
- Up to \$500,000 using cash or interlocal match only

## ➤ Facility Projects – Centennial Hardship Only

- Up to 50% grant (+ unemployment differential) with mandatory loan
- \$5 million maximum available to hardship communities

# Timeline for Starting and Completing Projects

## Starting a Centennial/SRF/319 Funded Project:

- A funding agreement must be signed no later than 12 months after the publish date of the Final Offer List.
- Actual work on the project must begin within 16 months of the publish date of the Final Offer List.

# Timeline for Starting and Completing Projects (*cont.*)

## Completing a Centennial and SRF Funded Project:

- The project must be completed within five (5) years of the publish date of the Final Offer List.
- A 12-month time extension may be granted when there are valid reasons.
- In no event can the project be extended beyond six (6) years.

# Timeline for Starting and Completing Projects (*cont.*)

## Completing a Section 319 Funded Project:

- Completion date is subject to EPA timeline.
- Completion timeline is based on the date that Ecology receives the funds from EPA.
- Section 319 grants will typically have a shorter duration compared to Centennial and SRF funded projects.

# Match

- **Cash - Project Costs Paid by the Applicant**
- **Interlocal - Project Costs Paid for and Contributed by Another Public Entity through an Interlocal Agreement**
- **In-kind - Project Costs Donated by a Third Party (no monetary exchange)**

*See Administrative Requirements for Ecology Grants and Loans (Publication No. 91-18) for more information.*

# SRF Loan Fund

## ➤ Interest Rates

- **Loan Terms Over 5 Years up to Twenty Years: 3.1%**
- **Loan Terms Up To 5 Years: 1.5%**

## ➤ Category Limitations

- **Not More Than 50% of the Fund in a Category for Any One Applicant**



# SRF Loan Fund (*cont.*)

## ➤ Refinancing

- **Interim Refinance Definition - Facility Projects That are Underway and Not Yet Completed**
- **Standard Refinance Definition - Facility Projects Completed (low priority for funding)**

# SRF Loan Fund (*cont.*)

## ➤ Other Requirements

- **Dedicated Source of Repayment**
- **Compliance with the Growth Management Act (GMA)**

# Facilities Technical Prerequisite

## Technical Requirements

### ➤ **Approved Plans by Application Deadline:**

- Facility Plan for Design Loan
- Design/Specifications for Construction Loan

### ➤ **State Environmental Review Process (SERP)**

- Performed in Conjunction with Facilities Planning
- Requires Active Consultation with Agencies to Identify Environmental Impacts
- Governor's Executive order 05-05 has increased focus on cultural resources review.

# Grant/Loan Application Tips

- Attend one of the Application Workshops held in early September.
- Attend an outreach session if provided by the Regional Office.
- Select a well-thought-out project with clear water quality objectives.
- Read the Application Instructions – this is crucial!
  - Lots of important information and examples
- Answer questions as completely as possible.

# Grant/Loan Application Tips (*cont.*)

- Be concise and to the point, but do not skimp on key supportive information.
- Check the criteria that the evaluators will use to score your answer (in Instructions).
- Do not assume that the evaluator knows your project.
  - It is all right to state the obvious or repeat information if it supports your answer to the specific question.
  - Do not cause the evaluator to search other parts of the application for information.

# Grant/Loan Application Tips (*cont.*)

- Double check your answers to ensure you have addressed the questions as thoroughly as possible.
  - Read your answer as though you were the evaluator scoring your own answer.
- Use complete references to documents that support your application (Nonpoint Plan, TMDL, etc.)

# Grant/Loan Application Tips (*cont.*)

- Include copies of any referenced letters (DOH, other) that are not readily available to evaluators.
- Do not include copies of other documents or insert parts of documents that are readily available to evaluators.

# Grant/Loan Application Help

If you have questions or need technical assistance:

- Check for information in the Funding Guidelines document.
- Contact Water Quality staff at the Regional or Headquarters Office.
  - We are available to answer questions and provide technical assistance.
  - Contact numbers in Appendix O of the Guidelines.



# FY 2008 Funding Guidelines

## ➤ Volume 1: Guidelines

- Program information, processes & procedures, eligibility, facility and activity project information
- Appendices - contain key supporting data

## ➤ Volume 2: Statutes and Regulations

- Copies of RCWs and WACs that direct the funding process

# Water Quality Funding Application

- Application Part 1
  - General Applicant and Project Tracking Information
- Application Part 2
  - Detailed Project Information for Rating and Ranking
- Application Part 3 - Standard Refinance Only
- Application Instructions – The Second Half of the Application Document

**The FY 2008 Application is available on the Internet at:**

<http://www.ecy.wa.gov/programs/wq/funding/2008/index.htm>

# Application Part 2: Point Summary

Applications are reviewed and scored by Ecology staff based on the following:

Q.	Application Question	Pts. Available
1	Summary of Problem and Solution	0
2	Public Health Emergency or Hazard	340 **
3-6	Impairments or Imminent Threats of Impairment to Water Quality (beneficial uses)	180
7	TMDL Development or Implementation (up to 65 for planning and up to 160 for implementation)	160
8-10	How the Project Addresses the Water Quality Problem	100
11-12	Project Scope, Budget, and Management Team	240
13	Local Initiatives	120
14	State and Federal Mandates (excluding TMDLs)	100
	Local Priority Setting Process	100
	<b>TOTAL POINTS</b>	<b>1,000</b>

\*\* 340 points substitutes for Questions 3-7

# Application Instructions

- Essential to Preparing a Successful Application
- Located at the Back of the Application
- Contain Details, Tips, and Suggestions
- Outline Rating Criteria
- Identify Point Allocations

# Application Submittal

- **Applications Accepted September 1, 2006 – October 31, 2006** (due at Ecology HQ by 5:00 p.m.)
- **Submit:**
  - One Original
  - Four Copies
  - Diskette or CD of Entire Application
  - Consider Using Return Receipt or Overnight Mail
- **No Faxed or Electronic Applications Accepted**

## Application Submittal (*cont.*)

- Include Financial Hardship Analysis Form if Applying for Financial Hardship (available on the Internet)
- Include Any Other Required Documentation, Such as Letters from State or Local Health Departments or Ecology Document Approval Letters

# Where to Submit Application:

## *U.S. Post Office Mailing Address:*

**Dept. of Ecology  
Water Quality Program  
Financial Management  
Section  
P.O. Box 47600  
Olympia, WA 98504-7600**

## *Street or Hand Delivery Address:*

**Dept. of Ecology  
Water Quality Program  
Financial Management  
Section  
300 Desmond Drive  
Lacey, WA 98503**

# Ongoing Puget Sound-Area Initiatives

## ➤ Low-Impact Development Program

[http://www.ecy.wa.gov/programs/wq/funding/  
NewLowImpactProgram.htm](http://www.ecy.wa.gov/programs/wq/funding/NewLowImpactProgram.htm)

## ➤ On-Site Septic Repair and Replacement Grant and Loan Pilot Program

<http://www.ecy.wa.gov/biblio/ecy070227.html>



# Low-Impact Development Program

The goal of this program is to provide grants to local governments to fund stormwater management projects.

➤ **\$2.5 M Available**

➤ **Important Dates:**

- Applications Due by September 15, 2006
- Offer and Applicant List Available October 18, 2006

# On-Site Septic (OSS) Repair & Replacement Program

The goal of this program is to provide OSS funding options to local governments and tribes in the Puget Sound area, as identified in the Governor's Puget Sound Initiative, 2005-07 Budget, and 2006 Supplemental Budget.

## ➤ **\$7.5 M Available**

- 6 M loans
- 1.5 M grants

## ➤ **Important Dates:**

- Applications due by September 29, 2006
- Offer and Applicant List Available October 16, 2006

# Ongoing Rule Amendment Initiative

## Rule Update and Revision

- Initiated on September 2, 2005
- Public meetings were held across the state to discuss and take input in October 2005 and June 2006
- Internal and External Workgroups Convened April 2006 to Present
- Public Comment Phase for New Rule Language in March 2007
- New Rule Implemented for State Fiscal Year 2009
- Further Information will be posted on our Internet site:  
<http://www.ecy.wa.gov/programs/wq/funding/funding.html>

# Planning for Future Funding Cycles

The FY 2009 Funding Cycle Application  
Period Opens on September 1, 2007

# Wrap-Up

## Questions

Application, Guidelines, etc. on the Internet at:

[http://www.ecy.wa.gov/programs/wq/  
funding/2008/index.htm](http://www.ecy.wa.gov/programs/wq/funding/2008/index.htm)